



Department of Justice

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**FIVE EXECUTIVES, ONE COMPANY CHARGED WITH PRICE FIXING AND
AGREE TO COOPERATE IN INVESTIGATION OF WORLDWIDE VITAMINS PRICE
FIXING CONSPIRACY**

Swiss Company Agrees to Pay \$10.5 Million Fine

WASHINGTON, D.C. – A Swiss vitamin manufacturer and five United States executives have agreed to plead guilty and cooperate in the government's ongoing investigation of illegal collusive practices in the international vitamin industry, the Department of Justice announced today. The corporation, Lonza AG, in an unsealed, previously filed information, was charged with participating in a conspiracy to fix prices and allocate the volume of sales of vitamin B3 (niacin and niacinamide), and has agreed to pay a fine of \$10.5 million for its role in the conspiracy. The five executives were charged with participating in a conspiracy to fix prices and allocate customers and the sales of vitamin B4 (choline chloride). Vitamins B3 and B4 are used to enrich both animal and human nutritional products and are marketed worldwide.

"These charges are the latest example of the Antitrust Division's commitment to prosecuting international cartels that increase prices for American consumers," said Joel I. Klein, Assistant Attorney General in charge of the Antitrust Division. "Our investigation into worldwide conspiracies involving vitamins is continuing. Those conspiracies have affected billions of dollars of commerce in products found in nearly every American household."

Today's cases and the unsealing of the Lonza case yesterday are the first in the ongoing investigation of the vitamin industry and the latest in a series of international conspiracy cases filed by the Department's Antitrust Division in the last several years.

"The cooperation of these defendants, in combination with information being provided by others who are cooperating, will substantially advance the Division's investigation of international cartels in the vitamin industry worldwide," said Gary R. Spratling, the Antitrust Division's Deputy Assistant Attorney General for Criminal Enforcement.

The five one-count informations were filed today in U.S. District Court in Dallas against:

- John Kennedy, Vice President Sales and Marketing, Chinook Group Inc., a U.S. subsidiary of Chinook Group Ltd., a Canadian company;
- Robert Samuelson, Sales Manager, Chinook Group Inc.;
- Lindell Hilling, former President, DuCoa L.P.;
- J. L. "Pete" Fischer, President, Basic and International Products, DuCoa L.P.;
- Antonio Felix, Vice President, Basic and International Products, DuCoa L.P.

The five executives are charged with conspiring with unnamed co-conspirators to suppress and eliminate competition in the choline chloride market in the U.S. and elsewhere from at least January 1988 through September 29, 1998.

Each of the five single-count felony informations charge that Kennedy, Samuelson, Hilling, Fischer, and Felix, along with unnamed co-conspirators:

- Agreed to set choline chloride prices.
- Agreed to allocate choline chloride customers.
- Agreed to divide the world markets for choline chloride.
- Participated in meetings and conversations to monitor and enforce adherence to the agreed-upon prices and market shares.
- Rigged bids for contracts to supply choline chloride.

The Lonza case, which was made public yesterday, was filed under seal on September 30, 1998. According to the charges, Lonza executives agreed with the world's other major vitamin B3 (niacin and niacinamide) firms to suppress and eliminate competition in the vitamin B3 market in the U.S. and elsewhere from at least January 1992 until at least March 1998.

The single-count felony information against Lonza charges that the company, along with unnamed co-conspirators:

- Agreed to set niacin and niacinamide prices.
- Agreed to allocate the sales volumes of niacin and niacinamide.
- Issued price announcements in accordance with the agreements.

- Participated in meetings and conversations to monitor and enforce adherence to the agreed-upon prices and sales volumes.

The defendants in all six cases are charged with violating Section One of the Sherman Act, which carries a maximum fine of \$10 million for corporations, and a maximum penalty of three years imprisonment and a \$350,000 fine for individuals. The maximum fine for both corporations and individuals may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

The six cases are the result of a grand jury investigation being conducted by the Antitrust Division's Dallas Field Office and the Federal Bureau of Investigation in Dallas.